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EXECUTIVE SECRETARIAT (O/DCI)

Routing Slip

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1	DCI		✓		
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7	DD/O				
8	DD/S&T		✓		
9	GC				
10	LC		✓		
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SUSPENSE DATE: 151p

Remarks:

To 10: Pls prepare DCI response.

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Los Angeles Times

Fri., Aug. 18, 1978

Carter Defense Veto a Bid to Avert Cuts in Vital Items

BY JACK NELSON

Times Washington Bureau Chief

WASHINGTON—President Carter's veto of the defense authorization bill was designed to head off what he saw as damaging congressional cuts in basic national security programs, including a top-secret satellite spy project considered vital for monitoring Soviet military activities.

The veto decision, made Wednesday and carried out Thursday, was described by one top adviser as a "watershed" in the Administration's relations with Congress. It was also influenced by Carter's belief that the time had come to follow his own political instincts and ignore aides who had urged him to avoid any such confrontation.

"I listened to my advisers during the past year telling me what to do about some of these things and what did it get me? Now I am perceived as

being weak," a senior adviser quoted Carter as saying when he reached the veto decision at a luncheon meeting in the Cabinet room Wednesday.

"I'm going to follow my own instincts now because it's the right thing to do," the President said, telling aides he should have "done so sooner and vetoed several other measures he was signed during his tenure in office."

The bill covers the next fiscal year beginning in October.

The spy satellite project, described as "an extremely important intelligence program" in a confidential White House memorandum obtained by The Times, was one of a long list of items Congress has sought to delete from this year's defense spending plans in order to make way for a \$2

Please Turn to Page 8, Col. 1

WHY CARTER VETOED DEFENSE BILL

(Continued from 8th Page)

process," Cranston said he thought any political problems probably would be confined to Washington.

Sen. John Stennis (D-Miss.), chairman of the Senate Armed Services Committee and an ardent supporter of the bill, said the carrier was "the cement that held the bill together."

In the Senate now has to reconsider all the items in the authorization bill, Stennis said, "We won't finish in this calendar year."

Senators and representatives who attended two White House meetings Carter called Thursday to discuss his veto remarks, Rep. Robert N. Gramo (D-Conn.) urged the President

and top White House aides sat around the Cabinet room table munching club sandwiches and drinking coffee and

iced tea as they debated the issue Wednesday.

Kirbo said that although he knew little about the merits of the bill, "I shared this with the President, that all this worry about getting beat or losing face is a bunch of baloney. Besides I thought it was no more politically dangerous to be overridden on a veto than it was to be defeated in the first place and he and the nation were being defeated if he signed the bill the way it was."

Mondale, Brezezinski and Brown spoke in favor of the

veto, but domestic affairs adviser Stu Eizenstat opposed it.

Political adviser Hamilton Jordan expressed concern about

the political repercussions, although he ultimately agreed a

veto was in order.

"In essence," said one official who attended the meeting but declined to be identified, "the President said 'I've gone along with other things political advisers told me to go with and now it's being said I won't stand up to Congress and do what ought to be done.'

"If it's right, it's time to do what's right. The politics of everybody."

Although Carter emphasized cooperation with Congress

and played down any confrontations with Capitol Hill dir-

ectors who sat in on the decisive meeting, told *The Times*,

he did indicate he would not hesi-

tate to veto other bills she considers unreasonable. He spec-

ified the tax reduction bill and the tuition

credit deduction bill, as presently constituted, as legis-

lation he would not hesitate to veto.

In some past instances, Carter told the group, he had

been "too lenient" in dealing with Congress and signed legislation he should have vetoed, including "the appropriation bill that authorized unnecessary water projects."

Carter aides said the President also has said privately he regretted having signed the bill increasing the minimum wage and several appropriations measures.

While Carter talked Thursday of "close consultations"

with Congress, some top aides talked in tougher vein of

how the President was sending Capitol Hill a message it

could not ignore. "In a way this was a tough bill to tackle

because sustaining a veto won't be all that easy," said one aide. "But we couldn't have asked for a better opportunity to send a clear signal the President is ready to use the veto power on a wider basis."

"Everyone here feels good about it, not only because of

growing confidence we can sustain it, but also because af-

Los Angeles Times

Fri. Aug. 18, 1978 - P

Carter Veto Aimed at Averting Cuts in Vital Defense Items

Continued from First Page

billion nuclear-powered aircraft carrier.

Emphasizing that he wants Congress to reorganize its funding priorities, not cut overall spending, Carter offered the broad outlines of his reasoning at a news conference Thursday, when he formally announced his veto of the \$36 billion defense authorization bill—the spending policy

measure that must precede passage of the detailed defense appropriations bill now working its way through Congress.

But the underlying elements of Carter's concern about the impact of the authorization bill on national security, as well as his political assessment, were spelled out more explicitly by the confidential memo and by top White House aides in a series of interviews with The Times. The memo, sent to Presidential Press Secretary Jody Powell and written by an official in the Office of Management and Budget, said "The President, in reviewing our intelligence program, placed this item as an absolute top priority, and we should press to get this message across to the Congress."

"The president will of course not be able to mention this publicly, but you and others should be prepared to do so privately in your talks with congressmen," the memo said. "Essentially, the program is a new intelligence-gathering system which will be critical of our future ability to monitor a wide variety of Soviet activities."

Powell and other Carter aides already are trying to convince members of Congress they should not vote to over-

ride the veto.

Although Administration officials have predicted a tough fight to sustain it, indications are that Carter has the necessary strength. The House, the only body which voted on the issue of deleting the carrier, voted 218 to 156 against deleting it. But Carter needs only a one-third vote of the total 435 members, 146, to sustain a veto.

"I don't think we have a prayer to override the veto," said Rep. Bob Wilson (R-Calif.), ranking Republican on the House Armed Services Committee, and a leader of the pro-carrier forces.

Carter also was assured the support of a prominent Republican, Arizona's Sen. Barry Goldwater, who said he did not believe the carrier was needed.

"Also, if it stays in the bill, we will deprive all the services of badly needed equipment," said Goldwater, a staunch supporter of the military.

Goldwater's comment touched on a complex but pivotal factor in the controversy: The defense spending cuts that Carter objects to are contained not in the authorization bill he is vetoing but in the defense appropriations bill which has passed the House and now is working its way through the Senate in similar form.

The appropriations cuts are designed, however, to permit construction of the nuclear carrier provided for in the authorization bill without pushing the overall level of defense spending above the \$120 billion sought by the Ad-

ministration.

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ministration.

What Carter now hopes to do is persuade Congress to drop the carrier and instead allocate the \$2 billion it would cost to other defense needs, including the satellite system, operations costs, and research and development.

"By diverting funds away from more important defense needs in order to build a very expensive nuclear aircraft carrier," Carter said at his news conference, "this bill would waste resources available for defense, reduce our commitment to NATO in the future, and weaken our nation's military capabilities."

The override issue will go to the House first, after members return from a summer recess on Sept. 5. In the interim there is likely to be heavy lobbying with elements of the defense industry on different sides of the issue:

The Newport News (Va.) Ship and Drydock Co., the only shipyard that could build the nuclear carrier, for example, undoubtedly will lobby to override the President. Firms that might benefit from other types of military expenditures on the other hand, including the satellite-spy project, can be expected to lobby to sustain the veto.

Although Congress probably will fail to override the veto, a key issue remaining for Carter is whether the carrier will remain in the Senate appropriations bill.

Carter, informing a group of key congressmen of his veto decision Thursday morning, said he also would veto the appropriations bill if it contained the carrier provision.

Rep. Robert M. Carr (D-Mich.), a House Armed Services Committee member who opposes the carrier, quoted Carter as saying: "If you don't take it out of the appropriations bill

have to veto that as well."

Carter's handling of the issue brought mixed reaction on Capitol Hill.

An aide to Sen. Henry Jackson (D-Wash.) said, "The veto will cause divisiveness in the Congress and complicate the schedule. It throws the timing off." He said it could indirectly endanger the energy bill but added, "the energy bill is in danger anyway."

Sen. Alan Cranston (D-Calif.), the majority whip, said the veto would cause some aggravation over the fact that this adds to the agenda just as we're leaving town on re-

Please Turn to Page 9, Col. 1